

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 IO-13 CIAE-00 DODE-00 PM-05
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FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 634
INFO AMEMBASSY BANGKOK
AMEMBASSY HELSINKI
AMEMBASSY PARIS
AMEMBASSY VIENTIANE
USLO PEKING
CINCPAC

C O N F I D E N T I A L HONG KONG 6851

CINCPAC FOR POLAD

E.O. 11652: XGDS-1
TAGS: PDIP, EAID, VM, CH, FI, EARL
SUBJECT: SENIOR DIPLOMATIC COMMENTS ON VIETNAM

1. FINNISH AMBASSADOR TO HANOI, MAURI EGGERT, REVIEWED THE
PRESENT SINO/VIETNAMESE CRISIS AS WELL AS FINNISH ECONOMIC
ASSISTANCE TO VIETNAM DURING A MAY 27 MEETING WITH CONGEN-
OFFS.

2. PLANS FOR COLLECTIVIZATION OF AGRICULTURE: EGGERT
REPORTED HE WAS TOLD BY AN SRV VICE MINISTER OF AGRICULTURE
THAT ALL OF THE COUNTRY'S AGRICULTURE INCLUDING THE SOUTH'S
WOULD BE COLLECTIVIZED BY 1980.

3. SINO/VIETNAMESE RELATIONS: EGGERT SAID THAT FOR THE
SOCIALIST SYSTEM, THE VIETNAMESE ACTIONS AGAINST THE MER-
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CHANT CLASS IN THE SOUTH WERE LOGICAL. HE ADMITTED THAT
THESE ACTIONS WOULD CAUSE ESPECIALLY SERIOUS PROBLEMS
FOR THE CHINESE COMMUNITY BUT DOUBTED MANY CHOLON RESI-
DENTS WOULD TRY TO SEEK REFUGE IN THE PRC. HE BELIEVED
THAT MOST OF THE REFUGEES FLOWING IN TO CHINA WERE FROM
THE NORTH AND THAT MANY WERE REACTING TO VIETNAMESE EF-
FORTS TO MOVE NORTHERN BUSINESSMEN (ANTIQUA SELLERS AND

SMALL SHOP KEEPERS) OUT TO NEW ECONOMIC ZONES. EGGERT SAID HE DEPARTED HANOI BEFORE THE PRC/SRV DIFFERENCES HAD BURST INTO THE PRESS BUT BOTH VIETNAMESE AND CHINESE OFFICIALS HAD CONFIDED TO HIM ON OR ABOUT MAY 19 THAT PRC ECONOMIC ASSISTANCE PERSONNEL WERE STILL IN VIETNAM. (COMMENTS: A NORWEGIAN OFFICIAL INFORMED CONGENOFF THAT THE PRC AMBASSADOR TO HANOI, RECENTLY CONFIRMED THAT ABOUT 800 PRC AID PERSONNEL WERE STILL IN VIETNAM AND THAT OCCASIONAL STOPPAGES ON THE REF RIVER BRIDGE PROJECT WERE DUE TO LACK OF MATERIALS.) EGGERT SAID HE FOUND IT DIFFICULT TO UNDERSTAND WHY THE PRC WAS REACTING SO STRONGLY TO THE VIETNAMESE MOVES AND SPECULATED THAT PART OF IT WAS TO PLAY UP TO THE OVERSEAS CHINESE COMMUNITIES. EGGERT OBSERVED THAT WHEN HE FIRST ARRIVED IN VIETNAM (ABOUT A YEAR AGO) HE WAS NOT CONVINCED THAT THE VIETNAMESE REALLY NEEDED THE US BUT WITH CHINA OUT, THE VIETNAMESE CERTAINLY DID NOW.

4. FINNISH ASSISTANCE TO VIETNAM: EGGERT SAID THAT FINLAND HAD AGREED TO A \$200 MILLION AID PACKAGE PROVIDED OVER A FIVE-YEAR PERIOD. ASSISTANCE WOULD BE IN THE FORM OF THREE PROJECTS: A COPPER SMELTING PLANT ABOUT 300-400 KILOMETERS FROM THE PRC BORDER (NOT FAR FROM THE SWEDISH BAI BANG PROJECT). THIS WOULD BE DEVELOPED IN CONJUNCTION WITH A BULGARIAN PROJECT FOR COPPER MINING; A SHIPYARD 20 KMS NORTH OF HAIPHONG; AND A CARD-CONFIDENTIAL

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BOARD FACTORY IN THANH HOA (NORTH VIETNAM). EGGERT ADMITTED THAT THE VIETNAMESE HAD SERIOUS PROBLEMS ABSORBING AID AND CITED AS TWO MAIN CAUSES FOR THESE DIFFICULTIES A LACK OF SKILLED LABOR -- EVEN IF ONE TRAINED PERSONNEL, THEY WERE TRANSFERRED TO OTHER PROJECTS -- AND POOR SRV MANAGEMENT. HE SAID THAT ALTHOUGH THE SWEDISH BAI BANG PLANT WAS EXPERIENCING DIFFICULTIES, IT WAS NOT AS MUCH A FAILURE AS MANY PEOPLE THOUGHT. HE NOTED, HOWEVER, THAT THE PROJECT PROPOSAL WAS FIRST STUDIED BY A FINNISH CONSULTANT WHO WAS FIRED WHEN HE SAID THE PROJECT UNDER THE PROPOSED SRV TERMS WAS NOT FEASIBLE. THE SWEDES WHO LATER APPROVED THE PROJECT NOW ARE FACED WITH THE PROBLEM OF COMPLETING IT. SHOESMITH

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